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DEC 22 1993

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In re Applications of)	MM Docket No. 92-316
)	
RIVERTOWN COMMUNICATIONS COMPANY)	File No. BPH-911008ME
INC.)	
)	
SAMPLE BROADCASTING COMPANY, L.P.)	File No. BPH-911010ME
)	
For Construction Permits For a)	
New FM Station on Channel 282C3)	
at Eldon, Iowa)	

TO: The Review Board

REPLY TO "CONTINGENT EXCEPTIONS AND BRIEF . . ."

RIVERTOWN COMMUNICATIONS COMPANY, INC.

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December 22, 1993

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TO: The Review Board

REPLY TO "CONTINGENT EXCEPTIONS AND BRIEF . . ."

Rivertown Communications Company, Inc, by its attorney,
hereby submits its reply to the Contingent Exceptions and
Brief of Sample Broadcasting Company, L.P., filed December
10, 1993.

I. Introduction

Sample's Contingent Exceptions assert the following
errors:

(1) The Judge's refusal to specify an issue to inquire
into whether Rivertown's David Brown had directed the
reduction of the operating power of Station KMCD(FM),
Fairfield, Iowa, when he was that station's General Manager
in 1988, in violation of Section 73.1560 of the Commission's
Rules;

(2) The Judge's refusal to enlarge issues to inquire

into Rivertown's financial qualifications;

(3) The award of 45% integration credit to Ellen Bowen, and the Judge's rejection of Sample's argument that Ms. Bowen's husband has an equity interest in Rivertown;

(4) The Judge's rejection of Sample's attempt to attribute to David Brown a "media interest" in a Galesburg radio station which he briefly managed in the summer of 1992;

(5) The award of a substantial preference to Rivertown for its principals' broadcast experience.

These contentions will be addressed seriatim.

II. Sample's Exceptions Are Without Merit

A. Sample's Requested Section 73.1560 Issue

Rivertown's March 9, 1993 **Opposition** to Sample's **Petition to Enlarge Issues** fully responded to the claim that Brown, while KMCD(FM) general manager in 1988, had directed an employee to reduce that station's power. Not only did Mr. Brown deny the conduct attributed to him, he pointed out a number of logical inconsistencies in the tale of Sample's affiant, and showed that the claimed purpose of the alleged power reduction would not have been served.

Sample's Exceptions fail to note that, in declining to add a basic qualifications issue on this matter, the Judge stated:

" . . . the allegations against Brown if proven to be true, do have a bearing on the weight to be given for his past broadcast experience and evidence in this regard may be adduced at hearing."

Memorandum Opinion and Order (FCC 93M-123), released March 26, 1993, ¶6.

Nor do Sample's Exceptions inform the Board that this clear invitation was expressly declined by Sample, in its April 23, 1993 **Motion For Protective Order**, where it stated (page 2):

"Sample hereby states that it will not submit evidence concerning the KMCD power reduction incident on the comparative issue in this proceeding."¹

Sample has thus waived any claim that the Judge's failure to specify a basic qualifications issue on this matter has resulted in a less-than-complete record, and its exception is frivolous.

¹ Just three weeks prior to making this concession, Sample had deposed David Brown, and asked him a number of questions concerning this matter: See Attachment A to Rivertown's April 27, 1993 **Opposition to "Motion For Protective Order"**.

B. The Judge Properly Refused To
Add a Financial Issue Against
Rivertown; Sample's Arguments
On This Matter Are Hypocritical

As with the prior exception, Rivertown's March 9 **Opposition** contained a detailed response to Sample's arguments (insofar as they are based upon its **Petition to Enlarge Issues**), which will not be restated here. However, a number of those arguments rest upon matters which Sample raised for the first time in its March 19, 1993 **Reply to Opposition to Petition to Enlarge Issues**, to which Rivertown had no opportunity to respond.

At the time of release of the Judge's March 26, 1993 Order denying Sample's **Petition**, Rivertown had prepared a "Response to 'Reply to Opposition . . .'" addressing the allegations made for the first time in Sample's **Reply**. Upon the Judge's denial of the **Petition**, there appeared to be no reason for Rivertown to burden the record further. However, in view of Sample's return to that battleground and its continued reliance upon claims to which Rivertown has never had an opportunity to respond, we attach a copy of the relevant portion draft of that "Response . . ."

While the Judge's disposition of Sample's request for financial issues was terse, it was nonetheless firmly based upon Commission precedents, reasonably applied.

The utter hypocrisy of Sample's arguments -- both in its **Petition to Enlarge**, and in the instant **Exceptions** -- is

apparent when those arguments are applied to Sample's own financial preparation.

For example, Sample argues that balance sheets and two years' earnings history for each source of funds are the sine qua non of financial certification and qualification. But Sample, which relies exclusively on Bruce Linder as the source of all monies to construct and operate its proposed station, produced no documents respecting Linder's net worth or prior earnings. The only documents relating to the source of the proposed \$300,000 loan from Linder to Sample were the two October 9, 1991 letters referred to at ¶60 of the Initial Decision: one to Linder from the American Bank of Mankato; the second from Linder to Sample.² Linder testified that he had no recollection of showing Ms. Sample-Day anything in writing concerning his financial capabilities (Tr. 320);³ and could not recall whether he showed his bank his current financial statement in connection with its October 9, 1991 letter (Tr. 321).

² The letters are attached hereto as Exhibits 1 and 2. Aside from the October 9 letters, Sample produced no financial documents with its original document production, and despite the Judge's Order of April 23 (FCC 93M-180) granting Rivertown's **Motion to Compel**, it continued to refuse to provide any further financial documents; see Exhibit 3.

³ In her April 1, 1993 Deposition, pp. 25-27, Ms. Sample-Day was unable to describe what information would have been contained in her personal balance sheet, and thus could not say whether she had ever prepared her personal balance sheet.

C. Ms. Bowen Was Properly Accorded
The Integration Credit Which Her
45% Equity Interest Merits

Sample's attempt to eliminate or diminish Rivertown's credit for Ellen Bowen's integration as full-time Business Manager of the proposed station is specious. In part, that attempt rests upon her affirmative answer to counsel's only question relating to her proposed integration (Tr. 65):

"With the addition of possibly accounts payable, you're roughly going to perform the same functions at the Eldon station [as she had at KMCD-AM and KIIK-FM, Fairfield, from 1986 to 1989]?" (emphasis added),

from which Sample urges that her functions at Eldon would be largely clerical. Her written testimony described her Fairfield employment as being "in various capacities, including bookkeeper, receptionist, invoicing clerk, Office Manager, Traffic Manager, and Network Coordinator" (R. Ex. 3, p. 1). It is obvious that Ms. Bowen didn't perform all of those functions simultaneously, but that she worked her way up from clerical functions to management functions at the Fairfield stations during the three years that she was employed there "in various capacities." Thus, Nugget Broadcasting Company, 8 FCC Rcd 1414 (Rev. Bd. 1993), cited by Sample at page 18, is inapposite.

Sample also seeks to minimize Ms. Bowen's role by emphasizing the tasks which she did not perform in connection with Rivertown's application, such as retaining an engineer and counsel, securing the transmitter site,

arranging the publication of legal notices, setting up the local public file, etc., (tasks performed by David Brown), characterizing her activities as limited to signing checks and make deposits to the corporate checking account. These are wholly consistent with her position as Business Manager of an entity which, as yet, has no "business." Atlantic City Community Broadcasting, Inc., 6 FCC Rcd 925 (Rev. Bd. 1991), cited by Sample (pages 18-19) for the proposition that a "principal was found not to have a bona fide role in the applicant when she deferred in the selection of the engineer and attorney; had no role in locating the transmitter site or preparing the budget or the application; and her only independent action was compilation of the EEO program," involved a limited partnership whose sole general partner had deferred to her communications counsel in virtually every aspect of the application's preparation, the Board characterizing it as "the boilerplate paper proposal of her attorney, to which she passively acquiesced" (Id., at 932). The facts of that case bear no similarity to those presented here.⁴

Sample concedes, as it must, that the position of "Business Manager" is recognized by the Commission as a management position entitling one to integration credit. As

⁴ Sample attempts to find significance in the fact that Ms. Bowen first spoke with Rivertown's counsel the day preceding her deposition in April 1993. That should be to her credit, in light of the Atlantic City holding.

held by the Judge, Ms. Bowen's integration proposal and her activities in connection with the application are not significantly different from those found by the Board to warrant integration credit in Harry S. McMurray, 8 FCC Rcd 3168, at 3171 (Rev. Bd. 1993).⁵

Sample's second line of attack upon Ms. Bowen's integration proposal is its attempt to attribute half of her interest to her husband, David Bowen, claiming it to be a "marital asset in which David Bowen has a 'mutual ownership stake'"⁶ (page 20).

Sample misstates the record in asserting (page 20) that David Brown's Eldon residence at 517 West Elm (jointly owned with Mr. Bowen, and in which Bowen has done some plumbing and heating work) "will serve as . . . Rivertown's proposed broadcast studios. TR 89;" and in claiming "Mr. Bowen . . . will be involved in the construction of the Eldon station. TR 68, 70, 94."

⁵ See also Rio Grande Broadcasting Co., 8 FCC Rcd 6256 (Rev. Bd. 1993) at ¶24; Lone Cypress Radio Associates, Inc., 7 FCC Rcd 4403 (Rev. Bd. 1992), review denied 8 FCC Rcd 972, recon. denied 8 FCC Rcd 6721 (1993).

⁶ Citing Richard P. Bott, 4 FCC Rcd 4924 (Rev. Bd. 1989), in which 50% of a female applicant's interest was held to be that of her husband, a broadcaster at whose stations she had been employed, where the husband first advised her of the allocation, selected her transmitter site, and initiated contacts with a bank to secure her financing, and where their joint account was the source of all funds to prosecute the application (and the basis for her financial certification).

At Tr. 70, Ms. Bowen described that building only as "a possible site" for the studio, and at Tr. 69 made clear that no decision on a studio location had been made.⁷ At Tr. 94, Brown was asked whether he "ever discussed with Ellen Bowen that 517 West Elm Street . . . might be used for studios," to which Brown responded: "We may have at one time." A discussion about a "possible site" does not transform it into a "proposed site." Similarly, discussions that Mr. Bowen "may help install heating and air conditioning" (Tr. 65) in Rivertown's studio building (which has not yet been selected) does not support Sample's claim that he "will be involved in the construction of the Eldon station."

Sample attempts to make much of the fact that Mr. Bowen was present at most of the meetings between David Brown and Ellen Bowen about the Rivertown application, overlooking her testimony that those meetings took place in the Bowen home (Tr. 67). Similarly, Sample finds it significant that Mr. Bowen was present when his wife testified here, ignoring that he and their daughter had joined her in travelling to Washington for sightseeing purposes (Tr. 44).

Stripped of Sample's misstatements and exaggerations, the only facts potentially significant to its attribution argument are (a) Ms. Bowen's stock was purchased by a check

⁷ In answer to where her husband might do plumbing and heating work for Rivertown, she replied: "Wherever the building for the radio station would be."

drawn on their joint account,⁸ and (b) David Bowen has agreed to lend Rivertown up to \$15,000 (out of a total of \$265,000 of committed funds; see **Memorandum Opinion and Order** released March 26, 1993 [FCC 93M-123]). As the Review Board stated in Bott, supra (4 FCC Rcd at 4929): "the use of joint funds for prosecuting the application and constructing the proposed station is not determinative."

David Bowen's connection with Rivertown is even more "marginal" than that of a husband of one of the general partners in the prevailing applicant in Lone Cypress Radio Associates, Inc., supra (cited by the Judge at ¶100), who attended partnership meetings with his wife, made financial contributions to the partnership through his wife's use of their joint assets, attended the depositions and the hearing, and was kept current on the progress of the application by his wife. There, the Board found no basis for discrediting the wife's proposed integration, specifically distinguishing Bott, supra, on its facts; 7 FCC Rcd at 4405-06.⁹

⁸ Sample urges (page 20) that "joint funds" were used to purchase Ellen Bowen's voting stock in Rivertown. The record is silent as to whether she maintains a separate checking account, or whether -- like many happily married couples -- Mr. and Mrs. Bowen maintain only a joint checking account.

⁹ Sample's Exceptions largely repeat its proposed findings on this subject. Rivertown noted, in its Reply Findings, that Sample's failure to mention Lone Cypress, which appears to be on all fours with this case, cannot be attributed to ignorance, since Sample's counsel here was

D. Sample Continues to Misrepresent
The Facts In Seeking to Hang a
Diversification Demerit On Brown

Although ¶98 of the Initial Decision correctly sets forth the facts concerning Brown's brief employment at Stations WAIK/WGBQ Galesburg and the slightly belated (twelve days) reporting thereof, Sample continues (page 21) to misstate the date that such employment commenced, and to claim on the basis of that misstatement that it was reported "over two months after the employment commenced," when in fact it was reported in an amendment signed just 35 days after the employment commenced, and filed seven days later (due to delay in the mails coupled with the July 4 holiday). Identical misstatements in Sample's Proposed Findings were pointed out in Rivertown's Reply Findings, at page 3.

While Sample is entitled to reargue this twice-rejected position¹⁰ throughout the review process, it bears a responsibility to do so on the basis of the facts -- particularly after its misstatements of the record have been pointed out to it.

counsel for the prevailing applicant there. It is significant that, although the Judge specifically relied on Lone Cypress, Sample's Exceptions continue to ignore that case.

¹⁰ As the Judge notes at ¶98, "Sample's argument here is a rehash of its predesignation argument which was considered and rejected in the Hearing Designation Order, at footnote 2.

E. Rivertown Was Properly Accorded
A Substantial Preference For
Broadcast Experience

At page 23, Sample challenges the Judge's award of a "substantial preference" to Rivertown for broadcast experience, based on the claim that Ms. Sample-Day has "roughly eleven years recent broadcast experience," which it balances with Ms. Bowen's three years of experience at the Fairfield stations (1986-89), and David Brown's "14 years broadcast experience," claiming Sample to be "comparatively superior." The "roughly eleven years" of experience claimed for Ms. Sample-Day include six and one-half years as a "translator/script and audio producer for radio and television" in Guadalajara, Mexico, as an employee of Jorge Corres, rather than as an employee of any broadcast station (Sample Ex. 3). Her first employment at a broadcast station was in November 1988, less than three years prior to the application (*Id.*). While KKSI gave her the title of "News Director," she "directed" no one except one part-time employee for a brief period; when KKSI terminated her in August 1993, Mr. Linder referred to her position as "newsperson." See Attachment to Sample's October 18, 1993 **Opposition to Motion to Enlarge Issues.**

By contrast, Ellen Bowen, during her three years at the Fairfield stations, worked her way up through positions of increasing responsibility to Office Manager, comparable to

the Business Manager position which she will hold in Rivertown's station; David Brown has been employed in broadcasting virtually continuously since 1977, in a variety of positions of increasing responsibility, including as general manager of several stations.¹¹

Clearly, the Judge's award of a substantial preference for broadcast experience to Rivertown was well-founded.

III. Conclusion

For the foregoing reasons, the "Contingent Exceptions" of Sample must be rejected. Moreover, for the reasons set forth in Rivertown's December 10 **Exceptions and Brief**, the Initial Decision must be reversed, and the application of Rivertown granted.

Respectfully submitted,

RIVERTOWN COMMUNICATIONS COMPANY, INC.

By: 

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(202) 626-6290

Its Attorney

December 22, 1993

¹¹ In claiming 11 years experience for Ms. Sample-Day while according Brown only 14 years experience, despite the fact that his broadcast employment began five years before her employment by Sr. Corres, Sample has apparently chosen to selectively cut off Brown's experience (but not Ms. Sample-Days') at the October 1991 application date.

DRAFT

DRAFT

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In re Applications of) MM Docket No. 92-316
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SAMPLE BROADCASTING COMPANY, L.P.) File No. BPH-911010ME
)
For Construction Permits For a)
New FM Station on Channel 282C3)
at Eldon, Iowa)

TO: Administrative Law Judge
John M. Frysiak

**RESPONSE TO "REPLY TO
OPPOSITION TO PETITION TO ENLARGE ISSUES"**

Rivertown Communications Company, Inc. ("Rivertown"), by its attorney, herewith submits its response to that portion of Sample's March 19 **Reply to Opposition to Petition to Enlarge Issues** constituting new matter, upon which Rivertown has had no opportunity to respond earlier.

.

III. Rivertown's Financial Qualifications

Sample's challenge to the financial qualifications of Rivertown and Mr. Brown's certification thereof in October 1991 rested in part upon its claim (**Petition**, p. 9): "Based on the information contained in its application, Rivertown requires the full \$265,000 to meet its estimated costs; it has no cushion." Rivertown's Opposition explained that "Sample's premise is faulty, as it must have realized from its review of the Rivertown's financial documents supplied to it on February 18

pursuant to the Standard Document Production."

Sample's Reply submits the financial portion of the initial draft of Rivertown's application (produced to Sample on March 9, in response to its supplemental document request), and attempts to use it to support additional allegations against Rivertown. In that draft, Mr Brown and Ms. Bowen had entered the amount of \$240,000 in response to Question 2, calling for the estimated cost of constructing and operating the proposed facility for three months. That figure is consistent with the total of \$236,616 itemized in Mr. Brown's original rough notes accompanying his Statement attached to Rivertown's **Opposition**, which explained that, contrary to Sample's claim, Rivertown's application figure of \$265,000 included a cushion of over \$28,000. Rather than accede to the obvious, Sample replies (p. 10) that "Rivertown now claims that it deliberately put an incorrect number in its application." This is pure fiction: Rivertown made no such "claim," and Mr. Brown's detailed explanation¹ as to the process by which he and Ms. Bowen ultimately reached the \$265,000 figure in the application as filed demonstrates that the figure was not "incorrect," much less that that figure was a "deliberate" deception.²

¹ See Mr. Brown's **Statement** of March 25, 1993, Exhibit 1 hereto.

² Sample's hypocrisy, noted at footnote 1, supra, is further exemplified in this argument. Its application budgets \$300,000 as the total required to construct and operate for three months. As noted, it has offered no documentation of its estimated costs or budgets, despite the specific call for such documents in Section (continued...)

Sample also utilizes Rivertown's September 23 draft application as a springboard to question the "candor" of Rivertown's **Opposition**, and to speculate that Mr. Pritchard's letter of July 10, 1991, confirming his willingness to lend \$240,000 "was not written in July, as Rivertown asserts, but much later" (**Reply**, p. 12). Sample attempts to find support for this innuendo in the fact that, in Rivertown's September 23 draft application, Mr. Pritchard had been shown as the source for \$215,000 of financing, rather than for the \$240,000 stated in his July 10, 1991 letter and in the final Rivertown application dated October 4, 1991. Sample further argues (Id.):

"The date of Mr. Pritchard's letter is important, for it goes to the efficacy of Rivertown's argument that the form of the applicant was not yet determined when Mr. Pritchard wrote his commitment letter. As noted above, Rivertown was incorporated on August 21, yet Brown was seemingly unaware of the amount of Mr. Pritchard's loan more than a month later.³ The existence of these unanswered questions mandates enlargement of the issues so they may be resolved in a hearing.

3 The hand written notes supplied in Rivertown's opposition indicate a loan amount of \$240,000 from Mr. Pritchard. However, it is clear that these notes were created on or after September 30, 1991, for they also indicate the amount of money put in by each financing source as of that date. Accordingly, they shed no light on the question of whether Mr. Pritchard wrote his letter before or after Rivertown was incorporated."

²(...continued)

1.325(c)(1) of the Commission's Rules. Given Rivertown's projected costs (which Sample has not challenged), that figure is expansive enough to include a large "cushion" as well as a budget for legal expenses far greater than that of Rivertown.

Sample's speculation is totally unfounded. As Mr. Brown explains (Exhibit 1, p. 3),

"I was clearly aware that John Pritchard had agreed to lend \$240,000 in June 1991, when we spoke of my plans, and in July when he wrote me to confirm our discussion, and to show his ability to make the loan. At that time, I was undecided as to how much I would personally contribute to Rivertown, and had not considered the possibility that Ellen Bowen or her husband would be interested in loaning part of the start-up money. In August, Ellen and Dave Bowen indicated their interest in doing so, and Dave Bowen's August 26, 1991 letter was the result of those discussions. At the same time, I was evaluating my own capabilities, and determined that I would be able to contribute at least \$10,000 to the project. It was my desire to be no more dependent upon loans from John Pritchard than necessary, so when Ellen Bowen and I prepared the initial draft of the financial section of the application, based upon my construction and initial operating budget figure of \$240,000, and the proposed advances of \$25,000 from the Bowens and myself, it appeared that we would only need to borrow \$215,000 from Mr. Pritchard, and so Ellen put that number down. Between September 23 and our finalization of that portion of the application a week or so later, I became concerned that our budget contained no amount to cover unforeseen contingencies, and this concern seemed more significant than my earlier concern for being overly-dependent upon John Pritchard. For this reason, we increased the amount in response to Question 2 to \$265,000, and showed \$240,000 of that coming from Mr. Pritchard -- as he had agreed three months earlier."

Sample's speculation that the Pritchard letter of July 10 "may have been written much later" also defies logic.³ In

³ The straw-grasping nature of Sample's Reply is further evidenced by the passage at page 6 (emphasis supplied):

"Clearly, Pritchard's letters [sic] are not drafted with great care. He mentioned Brown's personal guarantee twice, in paragraphs numbered 1. and 2. at the bottom of the June 3 meeting notes, a clear redundancy. His letter of July 10 contains numerous typographical errors. Given these facts, it is impossible to read into Pritchard's letter that which Rivertown desires."

(continued...)

suggesting that the date of that letter "goes to the efficacy of Rivertown's argument that the form of the applicant was not yet determined when Mr. Pritchard wrote his commitment letter," Sample in effect implies that Pritchard wrote the letter between September 23 and October 4, 1991; that he addressed it to Brown personally, even though Rivertown Communications Company, Inc., had then been formed, because he only intended his loan to be made to Brown personally; and that he backdated his letter to provide Rivertown with an answer (i.e., that Rivertown had not yet been formed) to Sample's argument nearly two years later that he did not intend to loan to the entity, but only to Brown. With all due respect, Sample appears to be in a terminal state of the Oliver Stone disease.

Sample's **Petition** had also challenged Rivertown's reliance upon David Brown for \$10,000, noting the absence of a formal letter of commitment from Brown to Rivertown, backed up with Brown's balance sheet. Rivertown's **Opposition** conceded these facts, but noted, *inter alia*, that Brown has already contributed \$8,500 of that amount, citing Brown's **Statement** to that effect. Consistent with its propensity to challenge the veracity of its

³(...continued)
This may be the mother of all non sequiturs.

opponents on any matter,⁴ Sample claims (p. 9): "Brown is conspicuously silent as to the source of the \$8,500; it could not have come from his own assets." Apparently, Sample views Brown's "assets" as limited to those reflected in his financial statement of September 30, 1991 (Attachment B to Brown's **Statement** accompanying Rivertown's **Opposition**), and chooses to ignore his earning capacity in the succeeding 18 months. In Exhibit 1 hereto, Brown reaffirms his earlier statement "I have advanced to or on behalf of Rivertown \$8,500.54, in order to pay its ongoing expenses," and explains what should be obvious: That those funds came from his current earnings.

III. Conclusion

Not only has Sample's **Reply** exceeded the pleading parameters set forth in Section 1.45(b) ("The reply shall be limited to matters raised in the oppositions"), in baselessly accusing Brown (and Pritchard) of back-dating documents, and Brown of concealing the source of his \$8,500 contribution, Sample has exceeded the bounds of legitimate advocacy, as well as the outer limits of rationality.

Respectfully submitted,

RIVERTOWN COMMUNICATIONS COMPANY, INC.

⁴ This trait has been previously noted, in Rivertown's March 5 **Reply to Opposition** (to Rivertown's **Motion to Accept Late-Filed "Motion to Enlarge Issues"**).

October 9, 1991

Carmela Sample
Sample Broadcasting Company, L.P.
407 N. Court
Ottumwa, IA 50501

RE: Sample Broadcasting Company, L.P.
Eldon, Iowa

Dear Carmela,

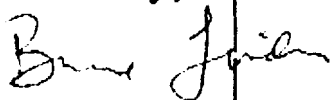
I agree to loan the partnership (Sample Broadcasting Company, L.P.) \$ 300,000.00 (Three hundred thousand dollars) to construct and operate the Eldon, Iowa FM radio station.

I personally have been assured a loan of the same amount from American Bank in Mankato, MN for the same purpose. I will extend the same terms that the bank offered to me:

1. This loan would bear interest at a variable rate equal to the American Bank Mankato Base Rate plus 2.0% with any change in the rate to be made on the first day of each month. As of this date, the rate would be 11.361%.
2. Interest only would be payable during the first six months; after which time, the principal balance would be amortized on 60 equal monthly installments

My loan to the partnership shall be secured by a valid first lien on the assets of the station, which lien I will then assign to the bank.

Sincerely,



Bruce Linder

October 9, 1991

Mr. Bruce Linder
P. O. Box 1045
Mankato, MN 56001

RE: SAMPLE BROADCASTING COMPANY, ELDON, IOWA

Dear Mr. Linder:

This letter is in response to your request for a loan in the amount of \$300,000.00, the proceeds of which would be used to finance your investment in the above-referenced company. Based on our conversation and a review of the financial information submitted, we can give you a reasonable assurance that we would extend the requested loan based on the following terms:

1. This loan would bear interest at a variable rate equal to the American Bank Mankato Base Rate plus 2.0% with any change in the rate to be made on the first day of each month. As of this date, the rate would be 11.361%.
2. Interest only would be payable during the first six months; after which time, the principal balance would be amortized on 60 equal monthly installments.
3. This obligation would be secured by a valid first lien on all of the assets of the proposed station as well as the personal guaranty of Bruce Linder.
4. This letter is to serve as our tentative commitment to extend the requested credit, but is not binding upon our bank. Any formal commitment would be based on a further review of your financial position and a detailed list of the proposed purchases and costs at the time formal application is made.

AMERICAN BANKS

302 North Riverfront Drive
P.O. Box 880
Mankato, MN 56001
(507) 345-4531
Fax (507) 345-1453

156 Main E.
P.O. Box 427
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(507) 674-3210
(800) 262-6978
Fax (507) 674-3082

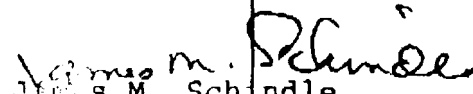
120 South Main Street
P.O. Box 128
Lamberton, MN 56002
(507) 752-7341
(800) 752-7341
Fax (507) 752-7341

Mr. Bruce Linder
Page 2
October 9, 1991

We understand that this process, from initial application to granting, could be a lengthy one; and could possibly take in excess of one year. As such, we would ask that you would keep us appraised of any changes that may take place.

Our bank is pleased to provide you with this tentative commitment; and, if you should have any questions, please feel free to contact me.

Sincerely,


James M. Schindle
Senior Vice President

JMS/amo